

The following reflects the minutes of the Board of Trustees of the City of Leesburg General Employees' Retirement Plan Quarterly Meeting held on Tuesday, December 6th, 2011, in the Commission Chambers at City Hall, 501 West Meadow Street, Leesburg, Florida.

Meeting Called to Order by Chairman Steve Rockefeller at 0916 Hrs.

Roll Call to Determine Quorum: Steve Rockefeller, Al Haliday, Darrell Schlegel, Jay Evans, and Dawn Barrett were in attendance. Also present were: Atty. Scott Christiansen and Charlie Mulfinger. Patrick Donlan arrived at 9:25 A.M. Absent: Jakki Cunningham Perry and Jerry Boop.

Meeting Minutes Approval: The August 30th, 2011 Quarterly Meeting Minutes draft was presented to the Board for discussion and approval.

Motion was made by Darrell Schlegel, seconded by Jay Evans to accept the August 30th, 2011 Quarterly Meeting Minutes as so presented; unanimously approved and passed.

Correspondence

Received and forwarded to the Trustees:

June *Investors' Monthly Report* from Graystone Consulting;
Pine Grove Third Quarter 2011 Online Presentation, Pine Grove
Asset Management Online Presentation, Pine Grove Monthly
"Risk Transparency Reports [August 31 & September 30, 2011],
Pine Grove August 2011 Performance Report;

Polen Large Cap Growth Manager Change Authorization Letter;

Training Bulletin from Center For Florida Local Government Excellence

Bills Payable

Christiansen & Dehner	\$ 2,511.75	(Aug./Sept./Oct.)
Barbara C. Cooper	2,400.00	(Sept./Oct./Nov.)
Barbara C. Cooper	222.41	(Postage/Supplies)
Foster & Foster	19,787.00	
The Bay Group	47,404.39	(Quarter Ending: 12/31/2011)

Motion was made by Al Haliday, seconded by Dawn Barrett, to approve the Bills Payable as so presented; unanimously approved and passed.

Old/New Business

Approval of 2011 COLA's: Barb presented the Cost-of-Living Adjustments for July 1, 2011 [one] and October 1, 2011 [78] as prepared by Foster & Foster, Inc. in accordance with Ordinance #05-115 of the Plan Document. These had been previously forwarded to the Trustees for their review.

Motion was made by Jay Evans, seconded by Darrell Schlegel, to approve the Cost-of-Living Adjustments for July 1st and October 1st, 2011, as so prepared by Foster & Foster, Inc. and presented herein; unanimously approved and passed.

Approval of Retirements: Barb presented the following individuals who have requested retirement benefits: **MITCHELL ANDERSON:** Early Retirement; 100% Joint & Survivor Option; at \$460.81/month and a 25% PLOP [\$25,012.37] effective date: July 1st, 2011; **CHARLIE LENNON, JR.:** Early Retirement; 50% Joint & Survivor Option; at \$422.49/month; one-time retro payment for May & June in the amount of \$844.98, effective May 1st, 2011; **DAVID PETROSKI:** Early Retirement, Lifetime Only Option, at \$700.21/month and a 25% PLOP [\$34,614.33], effective November 1st, 2011; **LLOYD SHANK:** Early Retirement; 100% Joint & Survivor Option; at \$606.47/month, effective November 1st, 2011; and **LONNELL WARD:** Early Retirement; 100% Joint & Survivor Option; at \$504.46/month, effective October 1st, 2011.

Motion was made by Al Haliday, seconded by Jay Evans, approving Early Retirement Benefits for **MITCHELL ANDERSON, CHARLIE LENNON, JR., DAVID PETROSKI, LLOYD SHANK, and LONNELL WARD** as so presented above; unanimously approved and passed.

Acknowledgement of Death Benefits: Barb advised that Mr. **Leon Blake** had passed away on November 13th, 2011. He had a 50% Joint & Survivor Option. His spouse, Maud Blake, will begin to receive \$156.20/month, effective December 1st, 2011. Mr. **Dozier Hanberry** passed away October 11th, 2011. Retirement benefits ceased with his passing as he had the Life Only option.

Contact has been made with Mrs. Lockwood, widow of Charles Lockwood who passed August 25th, 2011, regarding the end of his retirement benefits. She has already returned the September retirement check that had been mailed just before he died.

Motion was made by Jay Evans, seconded by Al Haliday, approving the death benefits to Maud Blake subject to the 50% Joint & Survivor Option selected by Leon Blake and implemented now with his passing on November 13th, 2011; unanimously approved and passed.

Condolences were expressed by all of the Trustees to the family members of those who have passed on.

Class Action Lawsuits – Updates: Barb advised the Trustees that we had received Check #101550 in the amount of \$138.81 from Cooper Companies, Inc. Securities resulting from resolution of a class action lawsuit. This has already been deposited in our R & D Account.

The Quarterly Securities Litigation Update for Quarter Ending September 30th, 2011 has been received from KesslerTopazMeltzerCheck LLP. In response to Atty. Christiansen's inquiry, Barb advised that she does forward to Kessler any material that comes in regarding Class Action Lawsuits [primarily as an FYI], but does not file any paperwork. This is recognized as Kessler's responsibility now.

Foster & Foster, Inc. Annual Actuarial Report Patrick Donlan presented the Actuarial Valuation Report As Of October 1, 2011/Contributions Applicable To The Plan/Fiscal Year Ended September 30, 2013. As of 10/01/11 our Actuarial Assets total \$30,735,796.06. Although we will see some investment losses relative to the assumption over the next three years, they will not be anything like what we have experienced this year – a loss of \$2.6M. The City's total recommended contributions applicable for the Plan's FY, 09/30/2013 is listed at \$1,362,439. Further review of the report and continued discussion ensued.

Motion was made by Al Haliday, seconded by Jay Evans, approving the City of Leesburg Retirement Plan for General Employees' Actuarial Valuation Report as of October 1, 2011 – Contributions Applicable to the Plan/Fiscal Year Ended September 20, 2013, as so prepared by Foster & Foster, Inc. and presented by Patrick Donlan; unanimously approved and passed.

Patrick revisited two of the original four fund members previously discussed [August meeting] who have a total present value of future benefits of less than \$1,000. A formal benefit calculation had not been done for Mr. Travis Gay but an estimate reflected a monthly benefit of \$119.29. Mr. Robert Ross appeared to fall into the category [of less than \$1,000] at an estimated present value of \$624.31. This was based on the value at the time Foster & Foster took over our account ...and then walking this forward with interest in the annual valuation of the plan. Patrick recommended preparing a benefit calculation on Mr. Gay and implementing the estimates for Mr. Ross. Discussion ensued.

Motion was made by Darrell Schlegel, seconded by Jay Evans, to pay out Mr. Robert Ross based on Foster & Foster's computations and prepare a benefit calculation for Mr. Travis Gay – discussion followed to amend the motion to verify calculations prior to the payouts ... amended motion follows ...

Motion was made by Darell Schlegel, seconded by Jay Evans to pay out Mr. Robert Ross his benefits in the amount of \$624.31; to prepare a benefit calculation for Mr. Travis Gay; and to approve payment as long as it is under \$1,000; unanimously approved and passed.

Next Patrick reviewed a disability overpayment to retiree Kenneth Morin, whose benefits should have dropped from \$1,177.60/month to \$659.58/month, effective June 1, 2009. This reduction did not occur and therefore there is a considerable overpayment to him that he will need to reimburse back to the Fund. The March 22nd, 2006 letter to Human Resources outlining the computations was reviewed and the situation discussed.

Motion was made by Al Haliday, seconded by Jay Evans, to immediately inform Mr. Kenneth Morin of the overpayment; offer him the option of a lump sum repayment or reduced monthly payments; and that he is welcome to appear before the Board at our next meeting; unanimously approved and passed. The Trustees directed Barb to immediately reduce his monthly benefits [which would be effective with January 1, 2012 retirement checks] to the correct amount of \$659.58/month.

Quarterly Report – Atty. Scott Christiansen – Atty. Christiansen presented an "Addendum to Retainer Agreement for Securities Monitoring" from the law firm of BARROWAY TOPAZ KESSLER MELTZER & CHECK, LLP, which has recently modified its name to read KESSLER TOPAZ MELTZER & CHECK, LLP. This was signed by Chairman Rockefeller and Secretary Barrett. The agreement for services does not change – only the name of the firm.

Atty. Christiansen confirmed with Barb that the Annual Report of Investment Activity [PL-2] form would be prepared and forwarded to the Mayor and City Commission.

He then updated progress on SB 1128, which effects benefit calculations. We have discussed this at previous meetings. At this time, changes are pending but the General Plan is okay so far.

Next Atty. Christiansen addressed the responsibility of the Board to declare an "expected rate of return". Discussion ensued during which Charlie Mulfinger and Patrick Donlan advised that 7.5% would be a viable rate of return.

Motion was made by Al Haliday, seconded by Darell Schlegel, that based on the advice of our Fund's investment professional and actuary, it has been determined that the total expected annual rate of return for our fund for the next year, the next several years, and the long-term thereafter, will be 7.5% net of investment related expenses; unanimously approved and passed. Barb was directed to prepare the form [PL-1] for signature and forwarding to the Division of Retirement, Tallahassee, Florida.

At this time, Atty. Christiansen introduced Ordinance #03-57 [Page 22/Item 2] and referenced in particular the stipulations for joint pensioner. Mr. Ralph Barry, former Records Supervisor at the Leesburg Police Department, was present and stated his dilemma regarding the "Joint & Survivor" Option he had selected at the time of his retirement February 1st, 2010. Should he pass away, Anita, his significant other and his joint annuitant would lose all of her disability benefits, [which pay considerably more] as the recipient of his death benefits. This would create a hardship on Anita. The current wording of our ordinance is such that the joint annuitant can only be changed "if the designated joint pensioner and the Member were married at the time of the Member's retirement and are divorced subsequent thereto and the joint pensioner is alive at the time of the change." Ralph petitioned the Board to change the wording in this particular part of the Ordinance #03-57. Discussion ensued.

Motion was made by Jay Evans, seconded by Darrell Schlegel, directing Attorney Christiansen to prepare a proposed ordinance amending our plan by removing the marriage requirement under the "Joint & Survivor" option; to update for more standard wording; and to prepare and bring along a Health Certificate template; unanimously approved and passed. This will be reviewed at our next meeting.

Atty. Christiansen presented his September 30th, 2011 memorandum listing the proposed 2012 meeting dates: March 6th, May 29th, September 4th, and December 4th. Discussion ensued and the Board's consensus was that these dates are acceptable to all.

An e-mail dated November 21, 2011, was received from Debra Brannan [Kessler Topaz...] requesting an authorized signatory on cover letters of authority for filing of "Proof of Claim" forms in class action suits. Discussion ensued and the Trustees authorized Barb to sign off on these.

Quarterly Report – Charlie Mulfinger/The Bay Group – Charlie Mulfinger presented his report noting that although "Black Friday" was good for the economy, there is still a dominating fear of recession – slow growth – many unknowns – an uncertain European economy – and a very volatile market. Even our upcoming presidential election will affect investments. Unfortunately we did suffer a substantial loss this past quarter. Despite that though, at least our Small Cap growth Managers did have good returns. He noted that because the market did to some extent rebound, we will not have to rebalance at this time. With regard to "futures", Charlie noted that they act opposite to the market and he is not recommending investments in "futures" right now. Our real estate investment endeavor is currently in line for the queue in June. The Hedge Fund was less negative than the stocks.

Charlie advised the Board that the management fees could be reduced. The current fee schedule and a new fee schedule involving negotiated manager basis points were reviewed and discussed. Charlie will send a copy to Barb. Effective immediately, a contract will be drafted reflecting the appropriate fee schedule [inclusive of rates being lowered]. Atty. Christiansen will split the expense. The custodian statements are being done by MSSB now but would be changing to First State & Trust Company. The record keeping will be moved to them as well. Discussion ensued.

The consensus of the Trustees was that they had no problem with MSSB using First State & Trust Company as [retiree benefits] custodian. It will mean lower fees and a savings to the Fund.

Quarterly Report – B. C. Cooper, Fund Administrator – Barb noted that a United States Department of Commerce 2010 Survey regarding Government Finances reminder had been received. We do not partake as this is a “voluntary survey” from the U.S. Census Bureau. She also advised the Trustees that the “Confirmation of Receipt of Retirement Benefits” [PF-11] forms for 2011 have been mailed out to all of our retirees.

Barb noted and Patrick concurred that we did not do “Personal Statements” this year. The plan is frozen and those statement presented last year to the Plan members will not change. It will save us \$250.00 in fees by not requiring Foster & Foster to prepare these forms each year.

Open Forum –

a.] 2012 Quarterly Meeting Dates: March 6th, May 29th, September 4th, December 4th

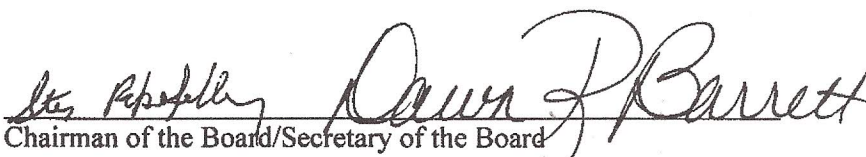
Meeting Adjourned –

Motion was made by Jay Evans, seconded by Al Haliday, to adjourn the December 6th, 2011 Quarterly Meeting of the City of Leesburg General Employees’ Retirement Plan Board; unanimously approved and passed.

Meeting Adjourned at 1146 Hrs.

APPROVED BY THE CITY OF LEESBURG GENERAL EMPLOYEES RETIREMENT

PLAN BOARD ON March 6th, 2012


Chairman of the Board/Secretary of the Board